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The downturn in business activity shows signs of slowing.

Industrial production continued to fall off during July. But part of the decline was due to the increasing practice of shutting down completely during the vacation period. In some industries during late July and early August, the declines of recent months were reversed.

Output of nonferrous metals is expected to increase in the next few months. Prices for these metals have risen recently. Steel output picked up in late July and the increase in new orders may indicate further gain in the next month or two. Motor vehicle output continues at record rates. The value of all new construction started in July was 12 percent above June 1949 and July 1948.

Personal income has declined less from the postwar peak than most other measures of economic activity and in June was up slightly from May. At a seasonally adjusted annual rate of 213.5 billion dollars, it was about the same as a year earlier.

Employment was slightly higher in July than in June, but at 59.7 million was 1.9 million below July 1948. Nonfarm employment was 50.1 million persons, also up slightly from June but 2.4 million below July last year. Because of a seasonal increase in the labor force, the number looking for work increased 300,000 from June to July. About 750,000 of the 4.1 million unemployed had been looking for jobs for 15 weeks or longer.

Most price changes in recent weeks have been small. The BLS wholesale price index eased downward in July and August. Most of the decline occurred in farm commodities.

Prices received by farmers in mid-August were down nearly 2 percent from a month earlier, with the most important declines occurring in fruits, meat animals and cotton. The index of prices paid by farmers including interest and taxes declined only slightly. As a result, the parity ratio was down to 101, the lowest since our entry into World War II.

With demand for farm products being maintained at relatively high levels, strongest downward pressure on farmers' prices will come from this year's large crops. Late summer prospects continue to indicate that the total volume of crops harvested in 1949 will be second only to last year.

FARM INCOME Farmers are estimated to have received 2.2 billion dollars from marketings in August, 6 percent more than in July but 17 percent less than a year earlier. This brings total for first 8 months of 1949 to 16.2 billion dollars, a tenth less than a year earlier.

FARM REAL ESTATE TAXES For the fifth consecutive year, farm real estate taxes increased. The index for taxes levied in 1948 and payable in 1949 was 8 percent above a year earlier and only 2 percent short of the record set in 1930.

On a per acre basis, farm real estate taxes payable in 1949 averaged 57 cents compared with 53 cents a year earlier. Taxes payable per \$100 of real estate value amounted to \$1 this year, 4 cents higher than a year ago. This is the second increase in taxes per \$100 of value in a decade. In most years since 1939, real estate values have gone up faster than taxes.

LIVESTOCK AND MEAT Because the pig crop last spring was 15 percent larger than in 1948, hog marketings will be considerably larger this fall than last. Hog prices have been edging downward since reaching the high point of the year in mid-August. The seasonal decline this fall may be larger than usual; may drop prices to support levels.

Prices of better grade cattle are likely to continue strong in the next few weeks. Lower grade cattle have declined seasonally but further price reduction is likely to be limited by strong demand for cattle for feeding.

DAIRY PRODUCTS Chiefly because of price support buying of cheese and an increase in the support price for butter, prices of dairy products rose in the last month. Seasonal decrease in milk output also strengthened prices. However, wholesale milk prices in mid-August still were 22 percent below a year earlier; butterfat was off 25 percent.

With consumer incomes continuing high, consumption of all dairy products except butter is holding up. Consumption of butter continues well below prewar.

POULTRY AND EGGS The seasonal rise in egg prices the last 3 months has been smaller than in recent years; seasonal gain in next few months is expected to continue less than last year.

Turkey prices have been rising seasonally but are expected to be well below last year's record during heavy marketing period of November and December. Farmers are raising 29 percent more turkeys than in 1948.

FATS AND OILS Production of oilseeds this year will be well above 1938-47 average but below the 1948 record. Sharpest drops from last year will be in flaxseed and peanuts.

Support prices for 1949 crops recently announced: peanuts, \$210 per ton for farmers' stock peanuts; cottonseed, \$49.50 per ton on clean, safely stored seed with 11 percent or less moisture content.

FEEDS Feed grain prices in August averaged 34 percent below a year earlier and near the average for the last decade. On the other hand, prices of animal protein feeds and soybean meal were the highest on record. Demand for poultry and hog supplements containing animal proteins and soybean meal has been strong.

WHEAT With winter wheat prices at Kansas City about 16 cents under the loan level in late August, large quantities are expected to be placed under government loan. This will tighten free supplies as the season progresses. Advances in prices are expected later this year. Spring wheat prices at Minneapolis have been declining with the approach of the heavy market movement.

U. S. wheat supplies are now estimated at 1,425 million bushels, the fifth largest on record. Domestic disappearance in 1949-50 may total about 700 million, leaving 725 million for export and carryover next July 1. If exports approach 450, carryover next July 1 will be about the same as at the beginning of the current season.

FRUITS AND VEGETABLES. The 1949 deciduous fruit crop is expected to total a sixth larger than last year's and to be the second largest in history. Prices to growers are expected to remain below 1948 levels. Quantities not harvested because of low prices may be larger than in recent years.

Production of the 4 main treenuts--almonds, walnuts, filberts, and pecans--is expected to set a record this season.

With smaller supplies of lemons and grapefruit this fall, prices are likely to remain above those of a year earlier. Prospective supplies of Florida citrus, especially grapefruit, were reduced by the August hurricane.

Tonnage of 19 commercial truck crops for shipment in July, August and September is estimated at 5 percent smaller than last summer. Only crops showing increases are watermelons, cucumbers, lettuce and beets.

Prices to growers for fresh vegetables in September and October are expected to average slightly above the same months of 1948 but below the record set in 1947.

Production and prices for 11 truck crops for commercial processing are expected to be down moderately from last year. Most of the reductions will come in tomatoes and sweet corn.

With the potato crop down considerably from 1948, price support purchases through late August were less than one-third those in the same period last year. Prices are expected to be well above support levels--60 percent of parity--for the next few weeks at least.

COTTON The cotton carryover August 1 was estimated at 5,283,000 bales; almost three-fourths of which was cotton pooled by CCC. With the 1949 cotton crop estimated at 14,805,000 bales on August 1, the total cotton supply for 1949-50 will be 19,900,000 bales. This is about 2,000,000 bales larger than in the 1948-49 season.

Domestic demand for cotton, though still relatively weak, is increasing and this fall is expected to be stronger than a year ago. Exports also are expected to increase.

TOBACCO Prices received by growers for marketings of flue-cured tobacco through late August averaged about 45 cents a pound, 10 percent lower than last year. Use of flue-cured in the U. S. in the year ending June 30 set a new record of 715 million pounds.